

Message Text

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SUBJECT: PORTUGUESE FORCE MODERNIZATION: SOUTO CRUZ'S
VISIT TO WASHINGTON

REF: LISBON 4748 (DTG 281045ZJUNE 78)

1. THE PORTUGUESE MAY BE HOPING TO USE THE NATO SUMMIT'S
APPROVAL OF THE LONG-TERM DEFENSE PROGRAM (LTDP) TO TRY
TO MOVE US TOWARD ACTIVE DISCUSSION OF POST FY-79 GRANT
MAP. ASSUMING THIS IS THEIR INTENTION, WE WOULD BE WILLING
TO DISCUSS WITH SOUTO CRUZ WHAT, IN GENERAL, THE LTDP
MEANS FOR PORTUGUESE FORCE MODERNIZATION, INCLUDING THE
NAVY. HOWEVER, WE CAN GO NO FURTHER THAN TO GIVE HIM
OUR UNDERSTANDING OF WHERE THE LTDP STANDS. THE LTDP
PRESENTS A MORE DETAILED BLUEPRINT FOR IMPROVEMENT OF
NATO DEFENSE IMPROVEMENTS THAN PAST NATO EFFORTS IN THIS

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DIRECTION. NEVERTHELESS, IT IS A GENERAL PLAN WHICH WILL
TAKE ON MORE DETAILED MEANING ONLY IN IMPLEMENTATION --
AND PARTICULARLY AS REGARDS NATO'S NORTHERN AND SOUTHERN
FLANKS. THIS EXPLICATION OF THE LTDP IS NECESSARILY AN
ALLIANCE PROCESS, NOT SOMETHING THAT THE US CAN CHART

UNILATERALLY. AS TO WHAT THE US MIGHT CONTRIBUTE AFTER

FY 79 TO PORTUGUESE FORCE MODERNIZATION CALLED FOR BY THE LTDP, WE WOULD BE CONSTRAINED NOT ONLY BY THE NEED THAT IT BE AN ALLIANCE PROCESS, BUT ALSO BY OUR OWN BUDGETARY INABILITY TO TALK ABOUT MILITARY ASSISTANCE IN THAT PERIOD.

2. THE LTDP, AS IT HAS BEEN DEVELOPED UP TO THIS POINT, SKETCHES OUT THE FOLLOWING BLUEPRINT FOR PORTUGUESE FORCE MODERNIZATION:

-- THE LTDP EXPLICITLY CALLS FOR PORTUGUESE IMPROVEMENTS IN ANTI-ARMOR (INCREASED HOLDINGS OF MEDIUM-RANGE ANTI-TANK GUIDED MISSILES, AND UPGRADING OF THE STATUS OF ONE BRIGADE EQUIVALENT TO AT LEAST "EARMARKED" AND PREFERABLY TO "ASSIGNED" CATEGORY,, IN RESERVE MOBILIZATION (THE FORMATION OF AT LEAST ONE ADDITIONAL RESERVE BRIGADE BY 1985-90, AND THE PROVISION OF LINKS BETWEEN NATIONAL MOBILIZATION PLANS AND THE NATO ALERT SYSTEM), IN MARITIME POSTURE (INCREASED ALLIED MILITARY AND ECONOMIC ASSISTANCE TO PORTUGAL TO HELP IT PROCURE AND MAINTAIN ADDITIONAL SHIPS FOR ANTI-SUBMARINE WARFARE IN THE IBERLANT AREA), AND AIR DEFENSE (AN URGENT NATO STUDY OF PORTUGUESE AIR DEFENSE NEEDS).

-- LTDP IMPLICITLY CALLS FOR PORTUGUESE DEFENSE IMPROVEMENTS IN COMMAND, COMMUNICATIONS AND CONTROL, IN ELECTRONIC WARFARE, AND IN LOGISTICS (INCREASED WAR RESERVE AMMUNITION
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AND POL STOCKS OVER THE NEXT DECADE).

3. AS REGARDS US ASSISTANCE TO UPGRADE THE PORTUGUESE DEFENSE INDUSTRY (PARA 3 REFTTEL), WE AGREE IN PRINCIPLE THAT THIS IS AN AREA PORTUGAL SHOULD EXPLORE WITH US AND NATO IN THE SPIRIT OF SELF-HELP. HOWEVER, THE EXPLORATION MUST LOOK SYSTEMATICALLY AT WHAT IS INVOLVED -- WHAT THE NATO MARKET FOR PORTUGUESE SMALL ARMS WOULD BE, AND WHAT TECHNICAL SKILLS AND RESOURCE INVESTMENT WOULD BE REQUIRED TO UPGRADE PORTUGUESE DEFENSE INDUSTRY TO MEET WHATEVER NATO MARKET MIGHT EXIST. (WE ARE ALSO INTERESTED IN WHAT SOUTO CRUZ REFERS TO BY "HEAVY INDUSTRY PRODUCTION FACILITIES IN PORTUGAL".) THE PORTUGUESE EFFORT IN THIS DIRECTION SHOULD ALSO BE LOOKED AT IN THE CONTEXT OF THE IEPG'S MAJOR LONG-TERM EFFORT TO RATIONALIZE EUROPEAN DEFENSE INDUSTRY GENERALLY. FOR THIS REASON, WE CANNOT AGREE WITH SOUTO CRUZ TO DISCUSS THIS POSSIBILITY ONLY IN THE US-PORTUGUESE BILATERAL CHANNEL. IN CONSIDERING THE PORTUGUESE INTEREST, WE MUST ALSO TAKE COGNIZANCE OF TURKEY'S STRONG DESIRE TO MOVE IN THE SAME DIRECTION.

4. YOU SHOULD DRAW ON THE FOLLOWING TALKING POINTS IN

DISCUSSING WITH SOUTO CRUZ HIS INTENDED WASHINGTON VISIT:

-- WE WOULD BE GLAD TO DISCUSS WITH SOUTO CRUZ HERE IN WASHINGTON WHAT THE LTDP, AS IT STANDS AT THIS POINT, CALLS

FOR IN GENERAL AS REGARDS PORTUGUESE FORCE MODERNIZATION.

-- THE LTDP IS A BLUEPRINT THAT MUST BE FLESHED OUT BY NATO COLLECTIVELY. AS ADMIRAL SOUTO CRUZ UNDOUBTEDLY KNOWS, NATO NOW HAS SEVERAL FOLLOW-UP STEPS UNDERWAY WHICH ADDRESS THE QUESTION OF HOW TO PROCEED WITH LTDP IMPLEMENTATION.

-- IN ADDITION TO THE FACT THAT FIRST NATO MUST ADDRESS
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PORTUGAL'S FORCE.MODERNIZATION CALLED FOR BY T;E LTDP IN GREATER DETAIL, THE US CANNOT AT TH-S POINT DISCUSS WHAT POST FY '79 US ASSISTANCE WE MIGHT GIVE TO PORTUGAL IN ACCORD WITH THE LTDP, BECAUSE OF THE CONSTRAINTS OF THE US BUDGETARY PROCESS.

-- WE WOULD WELCOME PORTUGAL'S THOUGHTS ON HOW WE MIGHT INDUCE OUR ALLIES, OTHER THAN THE FRG, TO MAKE GREATER CONTRIBUTIONS TO PORTUGAL'S FORCE MODERNIZATION.

-- WE AGREE THAT IT WOULD BE USEFUL TO EXPLORE THE POSSIBILITY OF UPGRADING PORTUGUESE DEFENSE INDUSTRY, OUT BELIEVE THIS SHOULD BE APPROACHED SYSTEMATICALLY AND THOROUGHLY IN TERM S OF THE POTENTIAL DEMAND IN THE NATO DEFENSE MARKET AND IN TERMS OF THE IEPG'S LONG-TERM EFFORT TO RATIONALIZE EUROPEAN DEFENSE INDUSTRY. WE BELIEVE PORTUGAL COULD USEFULLY TAKE THIS UP ALSO IN THE IEPG.

5. AUGUST 7 IS ONLY DAY IN EARLY AUGUST WHEN PRINCIPAL OFFICIALS IN DOD WILL BE AVAILABLE FOR DISCUSSIONS. IF SOUTO CRUZ STILL DESIRES TO COME TO US IN VIEW OF DISCUSSION LIMITATIONS, EMBASSY SHOULD PROPOSE THAT DATE TO HIM. WE WOULD ENVISION DISCUSSIONS AT DOD IN MORNING AND AT DEPARTMENT (AND POSSIBLY NSC) IN AFTERNOON. CHRISTOPHER

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